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TAGS: [ENRG](#) [KNNP](#) [PARM](#) [RS](#)
SUBJECT: U.S.-RUSSIA TALKS ON JOINT INITIATIVE TO
STRENGTHEN NUCLEAR DISTRIBUTION

REF: A. STATE 3772
[1](#)B. MOSCOW 1001
[1](#)C. MOSCOW 1002

Classified By: POL M/C Alice G. Wells for reasons 1.4 (b/d).

[1](#)1. (C) SUMMARY. On January 26, a team led by A/S John Rood met with a team led by Oleg Rozhkov, MFA Deputy Director of the Department of Security and Disarmament Affairs (DVBR), to discuss the joint initiative to strengthen nuclear nonproliferation outlined in a January 10 letter from U/S Joseph to DFM Kislyak. The meeting concentrated on the proposal to provide nuclear technology to nations that make long-term commitments not to pursue the full nuclear fuel cycle, particularly enrichment or reprocessing. The discussion focused on consideration of potential supplier nations and target beneficiaries. The latter were subdivided further into those nations currently operating nuclear reactors and those that have expressed an interest in doing so. The meeting concluded with a discussion of U/S Joseph's proposal to make a targeted effort to gain universal adherence to the Additional Protocol.

[1](#)2. (C) The U.S. and Russian teams met again on January 29 on the margins of the U.S.-Russia Strategic Security Dialogue (Refs. B-C). In this meeting the two sides agreed to discuss a draft "attractive offer" on the margins of the next meeting on the Global Initiative to Combat Nuclear Terrorism (GICNT) in Ankara beginning on February 12. The U.S. agreed to provide a first draft via e-mail by February 7. END SUMMARY

[1](#)3. (C) On January 26, a U.S. delegation led by A/S John Rood met with a Russian delegation led by Mr. Oleg Rozhkov, MFA Deputy Director in DVBR, to discuss the nuclear energy component of a new joint initiative to strengthen nuclear nonproliferation. This initiative was discussed in Vienna December 15 and elaborated in a January 10 letter from U/S Robert Joseph to DFM Sergey Kislyak (Ref A).

[1](#)4. (C) Rozhkov opened the session by acknowledging receipt of the January 10 letter and stating that Russia agreed with the basic framework proposed in the letter and could work within these guidelines. He then began by setting out the goal of the day's session to define a circle of possible target countries that would benefit from a program under which nuclear supplier nations would work together with a common vision to promote nuclear power to countries that would give long-term commitments not to exercise their rights to the full nuclear fuel cycle, in particular enrichment and reprocessing. In addition to identifying target countries, Rozhkov said it would be necessary to identify those supplier nations that would participate, and he asked for a definition of supplier nation - i.e., whether a supplier nation is one that exports nuclear reactors or also could be one that exports not reactors but materials and technology.

Supplier Nations

¶5. (C) Rood responded that the U.S. sees seventeen countries, a subset of the nuclear suppliers group, as supplying uranium, facilities, and reactors. Stratford elaborated that this includes the P5, Japan, Netherlands, Germany, Argentina, and Brazil. These ten nations are supplemented by Canada and South Korea and, possibly, by the Czech Republic, South Africa, and India. To this the U.S. adds Australia and Kazakhstan, major uranium suppliers, for a total of seventeen.

¶6. (C) Rozhkov said he would like to "suspend" India from the supplier list, saying it was Russia's understanding that India does not intend to export any nuclear technology. Also, including India would raise questions about what to do about Pakistan. At the same time, Rozhkov noted that he would like to add Ukraine, a major producer of turbines. Rood replied that India wants to leave open the option to be a supplier state in the future but that he could accept the suggestion to "suspend." He said he also thought the addition of Ukraine was acceptable.

¶7. (C) Rozhkov and Rood discussed South Africa, with Rood saying he did not wish to bring South Africa in on the "ground floor" given the obstructionism of key South African officials and Rozhkov countering that, while he agreed we would likely face obstructionism from the start, it would be best to bring South Africa in from the beginning so that it could not criticize the initiative from the outside. Rood suggested that question of what to do with South Africa be left to be determined for now. Rozhkov and Rood agreed that a number of states would be treated as both suppliers and

potential beneficiaries, including Brazil and Argentina.

¶8. (C) Rozhkov asked whether Argentina and Brazil can be considered suppliers. Rood responded that they see themselves as such and that they are influential with non-aligned countries. Rozhkov said that in his view, both countries are just marginal suppliers that could, in fact, become users if presented with a sufficiently attractive offer. He said he thought the same is true of Canada and Australia and proposed that they, too, should be thought of as marginal suppliers. Rood responded that he saw both as supplier nations.

¶9. (C) Rozhkov and Rood briefly touched on DPRK and Iran, agreeing that these are special cases that should not be considered under the nuclear energy initiative.

¶10. (C) Summing up, Rood and Rozhkov agreed on the list of 17 nations listed by Stratford as modified to "suspend" India, include Ukraine, leave South Africa as to be determined, and to leave Argentina and Brazil in the category of possible future suppliers and beneficiaries for whom immediate inclusion might be important for political reasons.

Target Beneficiaries

¶11. (C) Turning to potential beneficiaries of the nuclear energy initiative, Rozhkov said he saw these as falling into two broad categories: 1) those nations with no nuclear capabilities at all and 2) those that already operate at least one reactor. Rood agreed.

¶12. (C) Rozhkov further stated that by reactor he meant a nuclear power plant (NPP). This led to a roundtable discussion of whether nations with research reactors but no NPPs should be considered under the second category. Stratford noted that many countries that ultimately want NPPs are likely to want to start with research reactors. He proposed, therefore, that these should be included in the mix. Rozhkov agreed with this logic so long as the research

reactors, if offered, be of the LEU, not HEU, variety and would not include heavy water research reactors.

Beneficiaries with Existing Reactors

¶13. (C) Addressing first those countries that already operate at least one reactor, Rozhkov said there were some countries that are not currently planning to increase the number of NPPs but that nevertheless need an assured supply of fuel for existing units. Such countries include Ukraine, the Czech Republic, Canada, and South Korea. Rozhkov suggested that an "attractive offer" be customized for countries such as Brazil and Argentina that already do some of their own enrichment on the condition that these countries freeze their enrichment at current levels. Timbie said this would demonstrate to these countries the cost of "going it alone," and Rood agreed this was a good idea.

¶14. (C) Rozhkov asked about those countries in Central and Eastern Europe that already have NPPs and want to increase their number but that are dependent on EU regulations. Examples are Bulgaria, Hungary, and Lithuania. The latter is a special case in that this country, which currently gets over 80% of its electrical power from nuclear energy, is planning to close its one NPP. The EU is supposed to provide alternate energy sources by 2009, although it is not clear if it can do so. Other Eastern European countries wishing to increase the number of NPPs include Slovakia (wishes to unfreeze construction of two NPPs), Slovenia (wants to add one NPP), and Romania (wants to start construction of NPPs around 2008). Rozhkov and Rood agreed that some of these countries, particularly Hungary and Bulgaria, might readily agree to forgo enrichment and reprocessing, and could be good candidates for early success.

¶15. (C) Rozhkov said Finland is interested in both GNEP and President Putin's International Fuel Center initiative and should, therefore, be counted as a possible beneficiary country. According to Rozhkov, Finland plans to build one or two NPPs along with SNF storage facilities.

¶16. (C) Rozhkov said Belgium also has approached the RF about President Putin's initiative, and Rood agreed Belgium is a fine beneficiary country candidate.

¶17. (C) Rozhkov said Armenia had not yet made a decision to increase its nuclear energy but that plans exist to continue operating the Armenian NPP through 2015. In the future, Armenia may want both fuel and new NPPs as it is heavily reliant on nuclear energy.

¶18. (C) Rozhkov noted that Mexico is talking of up to ten future NPPs and said that Tenex is already providing fuel to Mexican NPPs.

Beneficiaries without Existing Reactors

¶19. (C) Rood proposed the discussion now turn to those countries that do not currently operate a reactor but that have expressed an interest in developing nuclear energy. He handed Rozhkov an analysis of nineteen countries (Algeria, Belarus, Chile, Egypt, Georgia, Ghana, Indonesia, Jordan, Kazakhstan, Libya, Malaysia, Morocco, Nigeria, Philippines, Syria, Tunisia, Turkey, Venezuela, Vietnam, and Yemen) and the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) that have said they are interested in nuclear power.

¶20. (C) Algeria. Rozhkov agreed that Algeria has expressed interest in nuclear power and asked whether this country has the necessary infrastructure and specialists. Rood said it has a very good infrastructure but that there are other problems. For this reason, Rood said Algeria is not in the

"top five" U.S. candidate beneficiaries.

¶21. (C) Chile. Rozhkov said that Chile is a good candidate but is still in the process of deciding the fate of nuclear power due in part to the influence of its Green party.

¶22. (C) Egypt. Rozhkov noted announcements that President Mubarak hopes to build three NPPs. Rood said he had seen those announcements. As to statements by Mubarak that Egypt hoped to develop the full fuel cycle, Rood said these seemed designed mainly for political purposes as a way of asserting Egypt's rights and giving it a greater leadership role. Rood said he sees Egypt at the top of the U.S. list as a beneficiary of the joint nuclear initiative.

¶23. (C) Georgia. Rozhkov said Russia has not considered Georgia, and Rood replied that Georgia is not in the U.S. top eight or nine. Rozhkov said he expected Georgia would continue to rely on hydropower.

¶24. (C) Ghana. Stratford noted Ghana is at the bottom of the U.S. list. Rood said Ghana has conducted some studies but lacks the necessary infrastructure. Rozhkov questioned whether Ghana has any interest in nuclear energy.

¶25. (C) Indonesia. Rozhkov said Indonesia plans 8-12 new NPPs by 2025 and has a long-established nuclear regulatory body. Rood said Indonesia is very high on the U.S. list.

¶26. (C) Jordan. Rozhkov noted ironically that Pakistan had offered Jordan the full nuclear fuel cycle just 2-3 days ago. Rood said Jordan is interested in nuclear energy but lacks the necessary infrastructure. Timbie added that an NPP could be built in Egypt that could supply Jordan. He noted that we should explore the possible benefits of a regional grid for the Middle East, so the region could share the benefits of nuclear energy without a reactor in every country.

¶27. (C) Kazakhstan. Rood said Kazakhstan is near the top of the U.S. list, and Rozhkov concurred that Kazakhstan has qualified specialists as well as the necessary grid. Tobey added that Kazakhstan is interested mainly in small to medium size reactors of about 300-600 MW.

¶28. (C) Libya. Rood said one reason to include Libya was to reward it for its cooperation on nonproliferation. Rozhkov asked whether Libya could share its grid with Egypt.

¶29. (C) Malaysia. Rozhkov said Malaysia is at the bottom of his list, and Rood responded that it is not high on the U.S. list either.

¶30. (C) Morocco. Rozhkov said Morocco is interested in constructing a 1000MW reactor between 2010 and 2016 and is a good candidate. Rood said Morocco's help on the GICNT has given it good credentials. He added, however, that Morocco has a poor grid and few specialists. Rozhkov agreed.

¶31. (C) Nigeria. Rozhkov said he was aware of some Nigerian plans but that these were still at the level of political declarations. He said Nigeria is not well prepared and is politically unstable. He added that if he were a banker, he would consider Nigeria a poor credit risk. Rood said Nigeria is low on the U.S. list.

¶32. (C) Philippines. According to Rozhkov, the Philippines have not declared any nuclear intentions. Rood agreed but said the Philippines had been included in the analysis because others like IAEA DG ElBaradei have mentioned the possibility. Rozhkov said he did not think this was sufficient to warrant inclusion in the list of target beneficiaries. Rood agreed.

¶33. (C) Tunisia. Tobey said that Tunisia is not on the U.S. list but that we might consider them. Rozhkov added that Russia is concerned about Tunisia's large external debt.

¶34. (C) Turkey. Rood said he saw Turkey as falling in the top five target beneficiaries. Rozhkov agreed Turkey is a serious candidate and added that Turkey has sufficient uranium to operate 3-5 NPPs. Rozhkov said he thought Turkey might want to use Russian enrichment services.

¶35. (C) Vietnam. Rozhkov said it is definite Vietnam would like to build something -- most likely two NPPs of 1000MW each -- and will make a final decision by the end of the year. Rozhkov said Vietnam is high on Russia's list, and Rood said it is in the U.S. top five. Rozhkov added that he thought Vietnam would be interested in buying NPPs and fuel, and returning spent nuclear fuel.

¶36. (C) Yemen. Rozhkov said Yemen is interested in nuclear energy and has consulted with Russia. He added, however, that Yemen is not interested in nuclear energy for power generation but, rather, for desalination. Rood said he had not heard this before and that it indicated to him that Yemen might have more serious intentions than he had thought. Rozhkov suggested a "customized offer" might be needed because of Yemen's special circumstances.

¶37. (C) GCC. Rood said he was not certain of the GCC's intentions. Rozhkov said the UAE had expressed some interest and might be considering a reactor from South Korea.

¶38. (C) Belarus. Rozhkov said a moratorium on NPPs was being reconsidered and that Belarus may build two new NPPs, starting construction after 2008. He said Belarus has had consultations with both Russia and Areva. He characterized Belarus as "having a stable regime that is, however, unpredictable."

¶39. (C) Venezuela. Rozhkov said Hugo Chavez has made some statements, but Rood said they are not backed up by action. He added the U.S. would be very concerned if they were.

¶40. (C) With discussion of the U.S.-provided list now complete, Rood asked Rozhkov if he could think of any other countries for the target beneficiary list. Rozhkov suggested a number of other countries for consideration, noting that many of them have no infrastructure but do have deposits of uranium. He noted that we should think about how they fit into our plans.

--Bangladesh: Rozhkov said Bangladesh was interested in medium sized reactors up to 600 MW and was planning discussions with China. Rood agreed that we should consider Bangladesh as a possible beneficiary.

--Poland: a new NPP might be constructed there, according to Rozhkov, and could share electricity with Lithuania.

--Australia: it should be included in the target list.

--Myanmar: it has an interest in research reactors and has approached Russia. Rood reiterated U.S. concerns about nuclear cooperation with Myanmar and urged Russia to avoid any such cooperation. In response to a question from Rood as to whether any Russian nuclear cooperation was being contemplated or pursued, Rozhkov said the "nothing" was underway.

--Kyrgyzstan: Rozhkov noted that they have considerable deposits of uranium.

--Tajikistan: It has some uranium but no plans for NPPs.

--Uzbekistan: It should be considered in the same category as Kyrgyzstan and Tajikistan.

--Mongolia: It has deposits of uranium but they are of a poor quality.

¶41. (C) Rozhkov said that we should consider the following countries for possible regional cooperation, including regional grids: Egypt, the Gulf States, Jordan, Libya, Morocco and Tunisia.

¶42. (C) Concluding, Rood suggested that once the concept for the nuclear initiative is complete, it would be best to focus on one or two countries to test and demonstrate the initiative's effectiveness.

Additional Protocol

¶43. (C) The meeting ended with a consideration of U/S Joseph's proposal to make a targeted effort to gain universal adherence to the Additional Protocol. Rood began by saying he had a list of 8-12 countries that he would like to bring into adherence with the protocol. Rozhkov, however, said the G8 had proposed 22 countries and added that Russia has particular concern over Argentina and Brazil. Rood said he was agreeable to that.

¶44. (C) Rood said it would be useful for the U.S. and Russia to focus on India and Pakistan, but he added that Saudi Arabia, Syria, and Venezuela are also of concern. As to Argentina, he said Brazil is the key. Whatever Brazil does, Argentina will follow, as the GOA has indicated it plans to move forward in concert with Brazil.

Summing Up

¶45. (C) Rozhkov said he thought the U.S. and Russia have the same "common vision" and that the next step is to conduct talks to develop the details of the "attractive offer" that would be offered to target beneficiary countries. This led to discussion of the mechanism by which target nations would make long-term commitments not to exercise their rights to the full fuel cycle. Rood posited that this might best be done through enforceable commercial contracts, as part of a package with governmental understandings as well. The public emphasis could be placed on the benefits received such as fuel leading as opposed to forgoing capabilities like reprocessing and enrichment, Rood argued.

¶46. (C) Timbie noted that the back end of the fuel cycle and dealing with spent fuel would be key issues the initiative would have to deal with.

¶47. (C) The meeting ended with both Rood and Rozhkov agreeing that good progress had been made and noting that discussion would continue on January 29 during Strategic Dialog talks between U/S Joseph and DFM Kislyak.

Meeting on Margins of Strategic Security Dialogue

¶48. (C) At the request of U/S Joseph and DFM Kislyak, A/S Rood and DVBR Deputy Director Rozhkov met again on January 29 on the margins of the U.S.-Russia Strategic Security Dialogue (Ref B) to chart specific next steps to advance the nuclear nonproliferation initiative.

¶49. (C) Rood and Rozhkov agreed that the U.S. and Russia would discuss on the margins of the next GICNT meeting in Ankara on February 12 a draft declaration and a draft "attractive offer." Rood and Rozhkov agreed the U.S. would prepare drafts that would be provided by e-mail by February 7.

¶50. (C) Rood and Rozhkov further agreed that a set of explanatory notes would be needed to elaborate details of the joint initiative.

¶51. (C) During a wide ranging discussion, the U.S. and Russian delegation members identified both financing and spent nuclear fuel (SNF) as issues that need to be addressed to make the "attractive offer" truly attractive to target beneficiaries. The two sides agreed that joint action to effect a change in World Bank and IMF policies that currently prohibit funding for nuclear energy projects may be warranted. Noting that a final solution to SNF handling lies in the future, the two sides agreed that a mechanism to remove responsibility for SNF handling from the beneficiaries would make the joint initiative much more attractive to those

nations.

U.S. Participants

A/S John Rood*	-	State/ISN
William Tobey*	-	DOE
Jim Timbie*	-	State/T
Richard Stratford	-	State, Director ISN
Alden Greene	-	State, Embassy Moscow
Michele Dash*	-	DOE, Embassy Moscow
Robert McCutcheon*	-	State, Embassy Moscow

Russian Participants

Oleg Rozhkov*	-	MFA, Deputy Director
Konstantin Popov	-	Rosatom, Section Head
Andrey Belyakov*	-	MFA, Senior Counselor
Valeriy Artemiev	-	MFA, Senior Consultant
Mikhail Kondratenkov	-	MFA, First Secretary
Alexander Trofimov	-	MFA, Second Secretary
Vyacheslav Gutkov	-	Rosatom, Leading Specialist
Alexander Bulychiev	-	MFA, Attache
Marina Belyaeva**	-	Rosatom

* Also participated in January 29 splinter meeting.

** Participated only in the January 29 splinter meeting.

152. (U) A/S Rood has cleared this message.

BURNS